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ABSTRACT

This paper describes the research that has been required to develop the factual evidence for challenges to inequitable school finance laws and for defenses of school finance reform legislation in Oregon and Wisconsin. Both the challenge to and the defense of school finance legislation use an analytical framework that focuses on the following fiscal characteristics of a state's school districts: school district property wealth, school tax effort, and school district expenditures. In the Oregon case the analysis demonstrates that disparities in expenditures and tax rates are related to differences in local property wealth. More specifically, it demonstrates that districts that have the largest amount of property wealth per pupil are able to spend more on education while exerting a low tax effort, whereas districts that are poor in property wealth are able to spend less while exerting an above-average tax effort. The analysis in the Wisconsin case demonstrates that the new law is inherently equitable, that property-poor districts have fared better under the new law than under the previous statute, and that property-poor districts would have benefited even more had the act been fully funded during the 1974-75 school year. (Author/IRT)

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EDUCATIONAL RESEARCH IN THE COURTROOM: THE ANALYSIS OF INEQUITIES IN SCHOOL FINANCE SUITS

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The structure of public school finance in the United States has been remarkably stable since the early 1900's. The bulk of local educational funds has come from local property taxes, although states have supplemented these funds with a variety of categorical and general aid grants and the federal government has provided limited aid.

This structure of school finance has produced great inequities in educational expenditures within states. The cause of these inequities is the unequal distribution of property wealth among school districts. The result has been that districts with high property wealth have been able to spend large sums on education at a lower than average tax rate. School districts with low property wealth have been forced to accept less than average expenditure levels, even with higher than average tax rates. In short, school expenditures have varied directly with the property wealth of local districts, while tax rates have varied inversely with property wealth.

The inequity of such a structure was recognized early in this century. By 1974, most states utilized a program of state aid whose intent was — at least in part — to offset differences in local ability to finance public schools. In most cases, however, these efforts to achieve greater equity in school finance have been only partially successful. Despite the rhetoric of equity, most state aid systems have not eliminated local fiscal disparities, and frequently have intensified the problem.

Beginning in the 1960's, the failure to achieve equity through legislative and administrative channels resulted in efforts to achieve school finance reform through the courts. However, the first challenge to the constitutionality of state school finance structures met with dismal failure.

Then on August 30, 1971, the California Supreme Court handed down its landmark decision in Serrano v. Priest. The court ruled that the state's school finance laws deprived plaintiffs of the equal protection of the laws under the United States and California constitutions. The constitutional standard adopted by the court was that of fiscal neutrality which simply stated was that: "The quality (of a child's) education (could) not be a function of wealth other than the wealth of the state as a whole." Phrased in "equal protection terms," the "wealth" of individual school districts was an impermissible legislative classification.

In the wake of Serrano, school finance laws in Texas, Minnesota, Kansas, New Jersey, Arizona and Michigan were struck down in rapid succession and challenges to similar laws were brought in more than 30 other states. The decision also stimulated a response by many state legislatures. New school finance laws were adopted in states such as Colorado, Florida, Kansas, Maine, Michigan and Wisconsin.

In March, 1973, however, the whirlwind of school finance activity which followed Serrano received a serious setback. In the case of San Antonio Independent School

District v. Rodriguez, the U.S. Supreme Court ruled that education was not a fundamental interest under the federal constitution and reversed the lower court decision that the Texas system of school finance violated the U.S. Constitution. The court's decision, however, did not rule out all possibilities for future school finance litigation. Rather, it suggested that legal action was possible on the basis of state constitution and statutes.

Since Rodriguez, all pending legal challenges to state systems of school finance have been moved to state courts. The arguments in these cases have been grounded on two types of state constitution clauses: first, a state "equal protection" clause; and second, an "educational establishment" clause. The first type of challenge was given support by the April, 1974, decision of the California trial court in Serrano which found a new educational finance measure passed by the 1973 session of the California legislature still to be in violation of the equal protection clause in the state constitution. The latter approach was opened up by the decision of the New Jersey Supreme Court less than two weeks after Rodriguez. In Robinson v. Cahill, the court found that the structure of school finance in New Jersey was unconstitutional on the basis of a clause in the state constitution which called for a "thorough and efficient" system of public schools.

In addition to serving as a forum for the challenge

to existing school finance laws, state courts have recently become the forum for the defense of reform legislation that was passed following Serrano. The remainder of this paper will attempt to describe the research which has been required to develop the factual evidence for challenges to inequitable school finance laws and for defenses of school finance reform legislation. It will focus on two states: Oregon and Wisconsin. In the former state, the legal challenge to the state school finance system in Olsen v. Oregon is presently on appeal before the Oregon Supreme Court, after a trial court ruling which upheld the existing system of school finance. In the latter state, the challenge to the 1973 reform law in the Wisconsin Supreme Court will be heard later this year.

Measures Used in the Analysis

Both the challenge to and the defense of school finance legislation uses an analytical framework which focuses on the following fiscal characteristics of a state's school districts:

(1) School District Property Wealth

(2) School Tax Effort

(3) School District Expenditures

Measure of Property Wealth

The first measure which must be developed for a school finance analysis is the measure of school district wealth. In Oregon this measure is called the True Cash Value Per Pupil. In Wisconsin it is called the Equalized Valuation Per Member.

It is calculated by adjusting the assessed value of taxable property in a school district to its full market value and dividing the full market value of property by the number of pupils in the district. A simple example will explain the reason for and the mechanics of the adjustment of all property to full market value.

TABLE 1

Calculation of Local School District Property Wealth

	District A	District B	District C
Assessed Valuation	$ 25,000,000	$ 40,000,000	$ 50,000,000
Ratio of Assessment to True Cash Value	.25	.40	.667
True Market Value	$100,000,000	$100,000,000	$ 75,000,000
Number of Students	1,000	1,000	1,000
True Cash Value Per Member	$ 100,000	$ 100,000	$ 75,000

Let us assume that a state has three school districts, A, B and C, each with 1,000 students and they have assessed property valuation of $25 million, $40 million and $50 million. It would thus appear that District A is poorest and District C is wealthiest. However, if these districts assess their property at different rates, we do not have a comparable standard for measuring wealth. If we assume that property is assessed at 25% of market value in district A, at 40% in District B, and at 66 2/3% in District C, we can create a comparable standard by multiplying the assessed value by 4 in District A, by

2 1/2 in District B, and by 1 1/2 in District C. The full market value of property would therefore be $100,000,000 in Districts A and B, and $75,000,000 in District C.

The total property wealth of a district is not the final measure used in school finance analysis since different districts have differing numbers of students who require educational services. The measure of school district wealth thus becomes the total property wealth behind each pupil or the true cash value per pupil. In the above example, where each district has 1,000 pupils, District A and B would have $100,000 in property value per pupil, while District C would have $75,000 per pupil. However, if District B had 2,000 students, instead of 1,000, it would look considerably poorer, since it would only have $50,000 in property wealth behind each pupil.

Issues

In recent years, the use of property wealth per pupil as the measure of property wealth has come under increasing criticism. In some quarters it has been argued that education is not the only public service that must be financed from the local property base. Representatives of large cities have argued that the competition of other government services has reduced the quantity of resources available for education. One proposed solution to this problem of "municipal overburden" has been the use of property wealth per capita as a measure of local wealth available for education, since this would be a better reflection of the demand for all local

governmental services on the property tax base.

It has also been argued that since people pay their taxes out of income, rather than from their property, this factor should be reflected in school district wealth. Some states do in fact adjust local property wealth by some type of income factor.

Another area of concern has focused on pupil counting. Some states use Average Daily Membership (ADM), others use Average Daily Attendance (ADA) and some use a pupil count which is adjusted by grade weighting or weighting for educational need (WADM or WADA). Various educational rationales have been used to support each of these pupil counts. However, in the two states which will be discussed below, the measure of district wealth will be the Equalized Property Value Per Member.

Tax Rates

All school districts must apply a tax rate to their property tax base in order to raise the local revenues which are required to support a certain level of educational expenditure. The tax rate is usually considered to be a measure of local willingness to support education, or a measure of local tax effort. However, because assessment practices vary from district to district, this stated tax rate does not provide a comparable measure. To create a comparable measure, an equalized tax rate is calculated. The equalized tax rate is simply the quotient obtained by dividing the true

cash value per pupil by the total revenues collected from the local property tax.

Expenditures Per Pupil

The most common measure of the resources used for education is total current operating expenditure per pupil. This measure represents the amount which a district spends on pupil instruction and instruction-related expenses in a given year. It excludes such non-operating expenses as transportation and capital outlay.

Most measures of expenditures include revenues from all sources--local, state and federal. However, since recent challenges to school finance laws have been based on state constitutional grounds, federal revenues are sometimes excluded and only state/local expenditures are considered in the analysis.

The Analysis in the Oregon Case

In the Oregon case the analysis attempted to demonstrate that disparities in expenditures and tax rates are related to differences in local property wealth. More specifically, it attempted to demonstrate that districts which have the largest amount of property wealth per pupil are able to spend more on education, while exerting a low tax effort, while districts which are poor in property-wealth are able to spend less on education while exerting an above-average tax effort. This was done in the following way.

After the above fiscal information described previously was obtained for all Oregon school districts, the districts

were separated into unified, elementary and high school districts and ranked in descending order on their true cash value per pupil. The districts were divided into quintiles and mean property values, expenditures, and tax rates calculated for each quintile. The results of these calculations for Oregon unified districts are shown in the Table 2.

TABLE 2

COMPARISON OF ALL OREGON K-12, 1-12 DISTRICTS RANKED BY 1974-75 TCV/ADM

Group	ADM	Percent of Total K-12 1-12 ADM	TCV/ADM	Expenditure Per ADM	Tax Rate
Top Fifth	12,218.5	3.10%	$195,541	$1,595.46	10.62
2nd Fifth	95,589.1	24.24	88,794	1,425.35	14.59
3rd Fifth	110,903.2	28.13	60,796	1,309.89	16.68
4th Fifth	122,496.4	31.07	50,940	1,204.27	17.37
Bottom Fifth	53,104.9	13.47	40,252	1,092.57	17.73
Total	394,312.1	100.00	63,711	1,258.36	15.40

For the 185 Oregon unified school districts ranked in descending order on the basis of their 1974-75 true cash value per pupil, the average true cash value per pupil of $195,541 for the top quintile was nearly five times the average true cash value per pupil of the bottom fifth, which was $40,252. The average expenditure per pupil for the top fifth of $1,595.46 was also nearly one-and-one-half times the $1,092.57 per pupil for the school districts in the bottom fifth. At the same time, the effective average tax rate for the districts

in the top fifth was about 10.62 mills, while that of the bottom fifth was about 17.73 mills. This meant that school districts in the top fifth of Oregon unified districts could levy a tax rate which was slightly more than half the rate of school districts in the bottom fifth, and at the same time could spend nearly one-and-one-half times the amount per pupil that districts in the bottom fifth could spend.

In addition to comparing the aggregate inequities in the Oregon school finance system, the analysis attempted to show the impact of the system on individual districts. A comparison of two districts which varied substantially in property wealth but which were exerting the same tax effort documented these inequities.

TABLE 3

COMPARISON OF TWO DISTRICTS

District	ADM	TCV/ADM	EXP/ADM	TAX RATE
McKenzie 68	426	$249,042	$1,917	12.29
Fernridge	1,880	34,179	1,182	12.26

In 1974-75 the McKenzie School District had a tax base of $249,024 of true cash value for every pupil in average daily membership while the Fernridge school district had a tax base of $34,179 of true cash value for every pupil in average daily membership. The tax base of McKenzie was about 7.28 times that of Fernridge. Both districts exerted almost the exact

same tax rate - 12.29 mills for McKenzie and 12.26 mills for Fernridge. However, McKenzie was able to spend around $1,917 per pupil while Fernridge could spend only about $1,182 per pupil. Both districts exerted the same tax rate, but because of McKenzie's superior tax base, the expenditure level per pupil was nearly twice that of Fernridge.

It is frequently argued that expenditure differences among school districts can at least in part be attributed to cost differentials which are associated with district size. Very small districts which face diseconomies of scale have higher per pupil costs than larger districts. To evaluate this contention in Oregon, districts were grouped according to the size of their student body and another aggregate analysis of district fiscal patterns was done. Table 4 which compares districts with an ADM between 500 and 999 shows that the disparities which were found for all unified districts continue to exist among districts of comparable size.

TABLE 4

COMPARISON OF OREGON K-12, 1-12 DISTRICTS
WITH ADM BETWEEN 500 and 999

	TCV/ADM	EXP/PUPIL	TAX RATE
Top Fifth	$116,894	$1,241.67	10.89
2nd Fifth	63,918	1,274.00	14.64
3rd Fifth	51,209	1,238.17	18.78
4th Fifth	42,511	1,062.83	17.06
Bottom Fifth	35,251	1,044.83	18.86

For unified districts with an ADM between 500 and 999, the difference in average expenditure between districts which rank in the highest and lowest fifths in property wealth is about $300 per pupil. The districts in the top fifth spend, on the average, about $1,341.67 per pupil, while the districts in the bottom fifth spend on the average about $1,044.83 per pupil. However, the high wealth districts have an average tax rate which is just over half that of the poor districts--10.89 mills compared with 18.86 mills. Again, high property wealth districts are able to spend more for education, while exerting a considerably lower than average tax rate.

Finally, it is frequently claimed that high expenditures are associated with concentrations of pupils who require special educational services, e.g. handicapped pupils, disadvantaged pupils, etc. Since these services cost more money to provide, certain districts must, of necessity, have higher levels of expenditure. In the Oregon case, the Portland school district intervened to uphold the existing system of school finance on the above grounds. The analysis in this case, therefore attempted to show that districts with below average property wealth also had high concentrations of high cost students and were thus faced with a double fiscal burden. These districts not only had an inadequate tax base to support a normal student population, but had to provide additional revenues for children with special learning needs.

For analytical purposes, unified districts with above

average property wealth were grouped together, the total number of low income students and the proportion of low income students in the state calculated. The same was done for districts with below average property wealth. Table 5 shown below shows a higher concentration of all types of low income students in low wealth and in high wealth districts.

TABLE 5

CONCENTRATIONS OF OREGON UNIFIED SCHOOL DISTRICT LOW INCOME STUDENTS
(September, 1975)

	UNIFIED DISTRICTS WITH TCV/ADM ABOVE THE STATE AVERAGE FOR UNIFIED DISTRICTS	UNIFIED DISTRICTS WITH TCV/ADM BELOW THE STATE AVERAGE FOR UNIFIED DISTRICTS	TOTAL
ADM of Unified Districts	123,401.6 (31.31%)	270,674.5 (68.69%)	394,076.1
Children Eligible for Title I Under Orshansky Index	18,940 (40.19%)	28,183 (59.81%)	47,123
Children Classified as Eligible for Title I	24,719.5 (42.12%)	33,966 (57.88%)	58,685.5
Children Classified as AFDC	4,564.5 (41.97%)	6,310.5 (58.93%)	10,875

In short, the analysis presented for Oregon showed how educational expenditures were a function of local wealth, rather than other factors. They thus supported the contention that the Oregon school finance system should be declared unconstitutional.

The Wisconsin Case

In 1973, the Wisconsin legislature passed a new school finance law which included a number of reform features. One of these features which increased the level of state support from 30% to 40% of school costs was designed to provide local property tax relief without reducing educational services. A second feature established a "recapture clause" which would require certain school districts to make payments to the state from local property tax collections for distribution to other districts. As a consequence of this latter feature and certain other features of the act which provide for greater equity, the law has been challenged in the Wisconsin courts; the defense of this reform law is now being prepared.

In defense of the 1973 law, the research will attempt to demonstrate a number of points. First, it will attempt to demonstrate the inherent equity of the new law. Second, it will attempt to show how property-poor districts--both in the aggregate and individually--have fared better under the new law than under the previous Wisconsin statute. Finally, it will attempt to show how property-poor districts would have benefitted even more had the act been fully funded during the 1974-75 school year.

The analysis for Wisconsin will use the same types of measures which were used in Oregon, although in Wisconsin these measures have slightly different designations. In Wisconsin, a district's property wealth is called the Equalized Valuation Per Member; the tax rate is the Equalized Tax Rate; and expenditures are called Current Operating Costs Per Member.

The Equity of the New Act

To demonstrate the equity of the new act, the 370 Wisconsin unified school districts were ranked on their 1974-75 equalized value per member, divided into ten deciles with 37 districts, and compared on certain selected school finance measures. These are shown in Tables 6A and 6B.

Unlike the situation in Oregon, there does not appear to be a direct linkage between property wealth and expenditure. For the bottom nine deciles there is less than a $100 difference in the average level of expenditure. Only in the top decile are expenditures substantially higher--in large measure because under the transitional implementation, "recapture" was not yet in effect, and wealthy districts were still receiving some "hold harmless" aid. On the tax side, there are virtually identical average tax rates, and with a few slight exceptions, higher average tax rates are generally associated with higher levels of expenditure. This is in contrast with the Oregon system where high wealth districts had high levels of expenditure while exerting below average tax rates. Finally, if the 1973 act had been fully funded in 1974-75, the average tax rate in the nine lowest deciles would have declined, while that of the highest decile would have increased. The property-wealthy districts could have maintained a higher level of expenditure but only by exerting a higher local property tax effort.

Another way to demonstrate the equity of the new law would be to examine the pattern of state aid. Under the 1973 law, aid is distributed to school districts in a manner designed

Table 6A Selected School Finance Statistics for Wisconsin K-12 Districts for the 1974-75 School Year*

Decile	1974-75 Equalized Valuation Per Member	1974-75 Operating Costs Per Member	1974-75 Operations Tax Rate	1974-75 State Aid Per Member	1974-75 State Aid As a Percent of Operating Costs
First Decile ✓	$78,778	$1,389	16.62 mills	$148	14.60%
Second Decile	53,966	1,224	16.54	331	27.23
Third Decile	48,625	1,206	16.20	417	34.60
Fourth Decile	44,964	1,220	17.12	483	38.92
Fifth Decile	41,981	1,200	16.11	522	43.62
Sixth Decile	38,891	1,203	16.27	570	47.45
Seventh Decile	36,040	1,225	16.59	626	51.25
Eighth Decile	33,270	1,201	16.16	660	55.05
Ninth Decile	29,926	1,187	16.01	704	59.49
Tenth Decile	24,924	1,259	17.31	838	64.36

* School Districts are Ranked on 1974-75 Equalized Valuation Per Member (Each Decile Contins 37 School Districts)

✓ Without Transition Aid, State Aid for the First Decile would be - $33.43 Per Member; the Average Tax Rate would be 18.43 mills; State Aid would represent 1.05%

Table 6B Selected School Finance Statistics for Wisconsin K-12 School Districts for the 1974-75 School Year*

Decile	1974-75 Equalized Valuation Per Member	1974-75 Total Expenditure Per Member	1974-75 Total State Aid Per Member	1974-75 Total State Aid Per Member Under Full Equalization	1974-75 Total Tax Rate	1974-75 Total Tax Rate Under Full Equalization
First Decile✓	$78,778	$1,443	$152	$-135	17.35 mills	19.56 mills
Second Decile	53,966	1,263	337	383	17.27	16.40
Third Decile	48,625	1,248	419	460	17.07	16.19
Fourth Decile	44,964	1,294	484	522	18.04	17.15
Fifth Decile	41,981	1,244	522	558	17.20	16.40
Sixth Decile	38,891	1,205	570	602	17.01	16.17
Seventh Decile	36,040	1,262	626	657	17.62	16.76
Eighth Decile	33,270	1,225	663	691	16.89	16.04
Ninth Decile	29,926	1,215	707	732	16.97	16.13
Tenth Decile	24,924	1,277	838	856	18.00	17.15

* Districts are Ranked on 1974-75 Equalized Valuation Per Member

✓ Each Decile Contains 37 School Districts

to provide greater resources to school districts with the least local property wealth. When districts are ranked on 1974-75 property wealth and grouped by decile, the average state aid for the top decile was only $148.00 per pupil, while for the bottom decile it was $836.00. On the average, districts in the bottom decile received nearly $700 more per pupil in state aid than districts in the top decile. Had full equalization been in effect, all of the bottom nine deciles would have received slightly more state aid per pupil, while the top decile would have had to return about $130 on the average in negative aid to the state.

A third focus of the analysis will be to show how property-poor districts--both in the aggregate and individually--benefitted as a result of the new act. This will be done by comparing certain school finance statistics for districts under the pre-1973 law with post-1973 statistics.

For analytical purposes, districts are ranked on their property wealth per pupil for 1972-73--the last year of the old law and divided into deciles. The results of the ranking are shown in Table 7.

The major effect of the 1973 Wisconsin law has been to introduce greater tax equity into the financing of Wisconsin's public schools. The expenditure differential between the top and bottom deciles in property wealth has remained fairly constant--at around $130 per pupil--but the disparity in local tax effort has dropped significantly. In 1972-73, the wealthiest districts has an average tax rate which was about 1.72 mills lower than

Table 7 A Comparison of Selected School Finance Statistics for Wisconsin K-12 Districts for the 1972-73 and 1974-75 School Years (Districts are Ranked on 1972-73 Equalized Valuation Per Member)

	1972-73 Equalized Valuation Per Member	1972-73 Cost Per Member	1972-73 Equalized Tax Rates	1974-75 Cost Per Member	1974-75 Equalized Tax Rate	1974-75 Tax Rate Under Full Equalizatn
Top Decile	$61,982	$1,003.44	15.67 mills	$1,442.27	17.56 m.	19.64 m.
Second Decile	44,166	883.19	17.04	1,253.32	17.09	16.26
Third Decile	39,807	869.05	16.78	1,260.35	17.32	16.49
Fourth Decile	36,675	851.97	16.43	1,247.44	17.16	16.31
Fifth Decile	33,863	846.54	16.29	1,253.70	17.42	16.57
Sixth Decile	30,741	838.14	16.13	1,218.43	16.80	15.96
Seventh Decile	28,163	864.59	16.64	1,273.22	17.79	16.93
Eighth Decile	25,476	836.41	16.08	1,236.70	17.18	16.32
Ninth Decile	22,984	833.59	16.03	1,202.19	16.54	15.70
Tenth Decile	18,553	874.68	17.39	1,305.14	18.55	17.74

Table 8 Property-Poor Districts Which Had High Expenditure Increases Between 1972-73 and 1974-75

District	County	Increase in Operating Aid Per Member From From 1972-73 To 1974-75	Increase in State Aid Per Member From 1972-73 to 1974-75	1974-75 State Aid as a Percent of Operating Cost	1974-75 State Aid Per Member From Secondary Guarantee	Change in Tax Rate 1972-73 to 1974-75
Waterville	Pepin	$642	$357	64.03%	$101.37	5.37 mills
Jacobs	Ashland	530	368	68.72	115.27	3.18 "
Washburn	Bayfield	376	238	66.52	101.83	.22 "
Franklin	Milwaukee	515	252	60.46	122.20	3.00 "
Taylor	Jackson	571	210	54.91	117.95	4.16 "

Table 9 Property-Poor Districts Which Increased Their Expenditure Between 1972-73 and 1974-75 and Also Obtained Tax Relief

District	County	1972-73 Equalized Valuation Per Member	Increase in Operating Expenditure Per Member From 1972-73 To 1974-75	1974-75 State Aid as Percent of Operating Costs	Increase in State Aid Per Member 1972-73 to 1974-75	1974-75 State Aid as Percent of Total Costs	Change in Tax Rate From 1972-73 To 1974-75
Bowler	Shawano	$16,733	$334	66.97%	$217.62	100.0%	-.38 mills
Alma Center	Jackson	17,264	339	63.51	187.87	100.0	-.51 "
Rib Lake	Taylor	17,766	268	70.20	221.26	100.0	-.97 "
Gilman	Taylor	17,876	369	65.42	239.75	100.0	-.19 "
Elroy	Juneau	18,975	336	66.03	236.23	100.0	-.60 "

the poorest districts. In 1974-75, the difference was reduced to about 1 mill. And had full equalization been in effect, the poorest districts would have been able to lower their tax rate by nearly one mill, while the wealthiest districts would have had to increase their tax efforts by nearly two mills. The result would have been an average tax rate for the wealthiest districts that was nearly two mills higher than that of the poorest districts.

Put another way, both the highest and lowest deciles increased their per pupil expenditure by about $430 between 1972-73 and 1974-75. However, the former districts had to increase their average tax rates by nearly two mills, the latter by just over 1 mill. Under full equalization, the increase would have been nearly four mills for the former and less than half a mill for the latter. In short, under the new law, educational expenditures more closely reflect local effort than local property wealth.

Finally, the analysis will demonstrate the impact of the new law on individual districts. For some districts, the impact has been in the form of substantial expenditure increases, along with decreases in the local property tax. Property-poor districts such as Gilman, Alma and Bowler have shown an increase in per pupil expenditures of $330 to $370 with modest mill rate declines. Under full equalization, these declines would have been even greater. Other property-poor districts such as Waterville and Washburn have been able to increase expenditures by even larger amounts and to spend at levels which high-wealth districts spend at. While the local tax effort has generally increased, it has increased only up to the level of tax effort exerted by high-

wealth districts. In short, equal tax effort results in equal expenditures per pupil regardless of local property wealth.

In the light of the Rodriguez decision which effectively foreclosed the federal courts to school finance reform litigation--at least for the foreseeable future--state courts will be the forum for the challenge to existing school finance legislation and for the defense of school finance reform laws. For both of these types of suits empirical analysis will play a major role in shaping the court's decisions.